

High School Counselor Videoconference

November 18, 2005

Questions and Answers

This document contains questions and answers that were generated from middle and high school counselors during the High School Counselor Videoconference held November 18, 2005. You may click on the presenter's name, which will take you directly to that section of this document:

Federal Update

- Rick Shipman Presenter

State of Michigan Update

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 - Michigan Competitive Scholarship
 - Michigan Nursing Scholarship
- Carla Foltyn, Presenter
 - Michigan Merit Award
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- Sheree Price, Presenter
 - GEAR UP

FEDERAL UPDATE

Presenter: Rick Shipman, Financial Aid Director, Michigan State University

Please talk about how Sudanese/Lost Boys who are permanent residents should file the FAFSA.

If the student was a ward/ dependent of the court until age 18, he needs to file as an independent student. Otherwise, the student would file as a dependent student and parental information would be included on the FAFSA.

Please address how a student whose parents, who do not file income taxes, should/can file the FAFSA.

The student should complete all questions pertaining to students. On the FAFSA, in the section labeled Step Four, question number 70 allows the (student or) parent to respond that they are not going to file an IRS income tax return. They are instructed to skip down to another section and continue filling out the FAFSA. The federal processor will assess the household income based on the information provided. It is important for the student/parent to provide as much information as possible.

What do I do if I forgot my PIN? Do I use the same PIN year after year?

If you have lost or forgotten your PIN you will need to request a duplicate PIN be sent to you. You can request a duplicate PIN by selecting "Request a Duplicate PIN" from the menu list on the PIN Home Page at www.pin.ed.gov. If you think that someone else may know your PIN, or you believe your PIN may have been compromised when it was lost, we can generate a new PIN for you. Select "Change My PIN" from the menu list on the left side of the PIN Home Page.

Each year that you apply for financial aid you can use your PIN to access and electronically sign your FAFSA, saving time and effort in the process. Since the PIN is your, and your parents', own personal electronic signature, you can use them to sign your application electronically every year. You and your parents do not need to apply for a new PIN

from one year to the next. The PIN stays with you.

What is the best source of financial aid for “middle income” families (range of \$80,000 to \$100,000)?

Students must file a FAFSA in order for student aid eligibility to be determined (for federal, state and institutional scholarships, grants, work study, and loans). Even though a family considers themselves to be in the “middle income” range the FAFSA assesses the household income in conjunction with other factors that have an impact on that income and the amount that that particular family would be expected to contribute toward the cost of attendance of going to college. Thus, the best source will vary from household to household. The student might not be eligible for grants or scholarships, but could still be eligible to take out student loans. In addition to filing the FAFSA, it is recommended that students apply for private scholarships as well.

Is there a penalty for student/parents who knowingly file the FAFSA with false information?

Yes. Refer to the FAFSA, Step Seven: Read, sign and date (second paragraph), when you sign the FAFSA you are agreeing to provide information that will verify the accuracy of your completed form and that you certify that you understand that the Secretary of Education has the authority to contact the IRS and other federal agencies to verify your information. “If you purposely give false or misleading information, you may be fined \$20,000, be sent to prison, or both.”

Regarding electronic filing with same parent with multiple students to file FAFSA – How does it work, moving the parental information from one FAFSA to the next? What does the parent see/do?

When the parent completes one FAFSA online, there is a question that comes up that will ask whether the parent wants to continue filing to a new FAFSA (for another student). Instructions will be provided. However, this process is for a parent who is filing new FAFSA’s – not renewals.

Please review Perkins deferment provisions.

According to federal regulations, there are certain circumstances where a borrower is entitled to have repayment of a loan deferred. During deferment, the borrower is not required to pay loan principal and interest does not accrue. Following is the list of deferment provisions. A borrower may defer repayment of a Perkins Loan if he or she:

- is enrolled at least half time in an eligible school.
- is enrolled and in attendance as a regular student in a course of study that is part of a graduate fellowship program approved by the Department, including graduate or postgraduate fellowship-supported study (such as a Fulbright grant) outside the United States.
- is enrolled in a course of study that is part of a Department-approved rehabilitation training program for disabled individuals.
- A borrower may defer repayment on a Perkins Loan for up to three years, regardless of disbursement date and contrary provisions on the promissory note, if the borrower is seeking and unable to find full-time employment. Schools may determine the documents the borrower must provide to apply for this deferment.
- A borrower is entitled to an economic hardship deferment for periods of up to one year at a time, not to exceed three years cumulatively, if the borrower provides the school with satisfactory documentation that he or she meets other specified criteria.
- Schools may grant deferments for Peace Corps service for periods longer than one year at a time, but these periods must not collectively exceed three years.

Please address FAFSA on the Web worksheet. Why use it?

The Pre-Application Worksheet is in PDF format and consists of all questions related to the student's and the student's parents' finances. It is made up of all application questions in the same order as you would see them in the FAFSA on the Web or Renewal FAFSA on the Web application. These worksheets are provided to assist you in completing the Web application.

How does a homeless student file the FAFSA?

The student must complete the FAFSA to the extent that he or she has information. Since the federal processor cannot consider individual situations the student must contact the financial aid office of the institution where he or she plans to enroll and seek guidance regarding financial aid eligibility.

I have a high school student who is living with family friends. The parent “is not available” to file the FAFSA. How can this student file the FAFSA?

Same as above. Contact the financial aid office of the institution where he or she plans to enroll and seek guidance regarding financial aid eligibility.

What can a student do if the parent(s) absolutely refuses to file the FAFSA?

Same as above.

If a student is not claimed on parents’ income tax return, can the student file the FAFSA as an independent student?

No. For the purposes of student financial aid, in order to file as an independent student the student must meet one of the following criteria:

- was born before January 1, 1983
- is married
- is working on a master’s degree or higher
- is an orphan or ward of the court (or was a ward until age 18)
- has a legal dependent who receives more than half their support from the student
- is a veteran of the U.S. Armed Forces.

Let’s say a high school student graduates in January 2006. Is it too late for them to receive aid for Winter semester? Will there be any student financial aid left?

It is not too late to apply. The FAFSA may be filed until June 30, 2006 for attendance during the 2005-06 academic year. Some institutional funding may be exhausted at a particular school, but the student will still be able to receive a Pell Grant if he or she is eligible, as well as Stafford and Parent PLUS loans.

Can a student use someone else’s email address on the FAFSA if he/she doesn’t have his/her own computer?

Yes. However, it is recommended that the student open an email account (there are free email services available) as information provided on the FAFSA is confidential and students are advised to be concerned about security. A free email account can be accessed from a library or school computer.

How does the household report Social Security income?

Step Two, Question 40 for the student and Step Four, Question 18 for the parent, on the FAFSA (2006-07) requests that Social Security benefits received be reported on Worksheet A of the FAFSA.

How many credits does a graduate student have to take to qualify for financial aid?

A graduate student must be enrolled at least half time. Half time is determined by the institution.

Who determines the amount of a Pell Grant and a Supplemental Educational Opportunity Grant?

Based on information provided on the FAFSA, the federal government will determine the student’s Expected Family contribution (EFC). The student’s institution will use the EFC along with the Cost of Attendance (COA) to determine the amount of each grant.

What criterion determines need? How does a student know how much they are qualified to receive?

Need is based on Cost of Attendance (COA) minus expected family contribution. The COA is determined by the institution and the EFC is determined by the Federal government based on the information provided on the FAFSA. The institution(s) where the student has been accepted will notify the student of the amount of financial aid they have qualified to receive.

Should a non-citizen become a citizen to be eligible for financial aid?

This is an individual decision. In addition to becoming eligible to receive financial aid, there are more responsibilities that accompany becoming a citizen. Note: questions 14-15 on the FAFSA provide information pertaining to a student who is an eligible noncitizen. If the student is neither a citizen nor an eligible noncitizen he or she is not eligible for federal student aid. However, the student may be eligible for state or institutional aid or possibly for private donor scholarships.

Does a guardian file the FAFSA if there aren't parents around? Can grand parents file the FAFSA?

No. Only biological or adoptive parents file the FAFSA.

Please review interest rates of Stafford loans?

New borrowers will be charged a variable rate. This rate changes annually each July 1 and is based on the interest rate of the U.S. Treasury Bills. The current rate for July 1, 2005 through June 30, 2006 is 4.7% for in-school, grace and deferment periods and 5.3% for repayment. The maximum interest rate that can be charged is 8.25 %.

It should be noted that current legislation is pending in Congress that will change the Stafford Loan interest to a fixed rate at 6.8%. If this legislation is passed, it may go into effect for the fall of 2006.

Please define "independent" student. Is there a minimum income?

No, income is not one of the criteria for determining whether the student is independent. For the purposes of student financial aid eligibility an independent student must meet one of the following criteria: 1) was born before January 1, 1983; 2) is married; 3) is working on a master's degree or higher; 4) is an orphan or ward of the court (or was a ward until age 18); 5) has a legal dependent who receives more than half their support from the student; 6) is a veteran of the U.S. Armed Forces.

In the situation where parents are separated, but not divorced, who should the student file with?

The parent with whom the student resides most. If the student resides equally with each parent, as in a shared custody arrangement, then file with the parent who provides the most financial support.

Can you talk about a parent who is also a student? How does PIN work? What about loans? Are his/her parent (PLUS) loan totals separate from his/her student (Stafford) loan totals?

The parent who is a student must have their own PIN. Since they are an independent student their PIN is the only electronic signature they need. The parent's – as a student – loans are separate from their child/student's loans. PLUS and Stafford loans are separate. The parent/student can have both types.

Please address renewal FAFSA. Can a student file a renewal FAFSA if the student has taken a break from college for a year?

No. In order for the FAFSA to be considered a renewal, the FAFSA must be filed in consecutive years.

What is the CSS Profile? Who has to file it and why?

The College Scholarship Services (CSS) Profile is a product of the College Board. Colleges and universities, graduate and professional schools use the information collected on the PROFILE to help them award nonfederal student financial aid funds. A student has to file it if the institution to which he or she is applying requests it. For further information go to: <https://profileonline.collegeboard.com/index.jsp>. There is an initial registration fee of \$5.00 and a processing fee of \$18.00 for each school the student requests the PROFILE be sent.

Please address how student files FAFSA if birth parents are divorced. Who does student file with?

Report the information of the parent with whom you lived the most during the 12 months preceding the date you completed the FAFSA. It does not make a difference which parent claims you as a dependent for tax purposes. If you did not live with either parent or lived equally with each parent, the parental information must be provided for the parent from whom you received the most financial support during the preceding 12 months or the parent from whom you received the most support the last time support was given.

What if the "filing" parent is remarried and the new spouse brings in children to the household?

The FAFSA assesses the household – income and number of those residing in that household. The filing parent needs to include the new spouse's income as well as every member dependent on the household.

PLEASE CLEAR THIS UP - Students not living with parents, but not "ward of the court" – even when grandparents can carry insurance on the student living with them or, in some cases, actually placed by FIA with foster parent – have been required to have the parent's financial info on FAFSA – as directed by State of

Michigan Department of Treasury last year.

The Michigan Department of Treasury was responding according to federal guidelines. The student described above does not meet one of the six criteria for independent student status. Only the biological or adoptive parent(s) may complete the parental income portion of the FAFSA.

Again, if the student does not meet the FAFSA definition of independent, he or she should contact the school(s) financial aid office(s) where he or she plans to attend and consult with an aid administrator about how to file.

STATE OF MICHIGAN UPDATE

Presenter: Tom Freeland, Michigan Department of Treasury, Office of Scholarships and Grants

- Michigan Competitive Scholarship
- Michigan Nursing Scholarship

If a student refuses to put a Social Security Number on the ACT, will he/she be considered for a Michigan Competitive Scholarship?

Possibly. It's iffy since it is difficult for us to match their FAFSA record. The student may get missed.

Many parents don't have tax returns done by March 1. If they file with estimated numbers, are they considered as meeting the deadline?

The advice is to file on time. Estimated information is OK to submit. A corrected copy can be submitted later.

What are the benefits for students to list the Michigan Department of Scholarships and Grants on the ACT? Does that count as one of their "free" choices?

If the student is a Michigan resident or attending a Michigan high school, the Office of Scholarships and Grants automatically receives the scores.

Is the Michigan Nursing Scholarship available at private colleges?

Yes. There are 49 colleges in Michigan with nursing programs who qualify to receive the Michigan Nursing Scholarship money. Many of them are private colleges.

Will the new writing portion of the ACT test be used to establish eligibility for the State Competitive Scholarship?

At this point it is unclear. The Michigan Higher Education Student Loan Authority/Michigan Higher Education Assistance Authority establishes the qualifying scores each year.

If a student was a non-qualifier for the Competitive Scholarship with the high school test, can the student retake the ACT as a college student?

No.

Can a student who has been out of high school for a year take the ACT to be considered for the Competitive Scholarship?

Yes. The student must take the test prior to college enrollment.

STATE OF MICHIGAN UPDATE

Presenter: Carla Foltyn, Michigan Department of Treasury, Office of Scholarships and Grants

- Michigan Merit Award
- Tuition Incentive Program

What is the status of the \$500 middle school MEAP? How is it communicated to students?

A mass mailing was sent to all known eligible students from the class of 2005 in October. Any student who believes he/she should have received a middle school letter should contact our office at 1-888-447-2687 to verify eligibility.

If a student fails to attain the Merit Award as a junior, which alternate will they need to do (retake MEAP or

ACT)?

Students have an opportunity to retest (MEAP) in October and March of their senior year. Students can also take the ACT, SAT or WorkKeys if they're concerned about retesting.

How are the MEAP test windows determined?

The MEAP office determines the testing windows. You can contact the MEAP office at 877-560-8378.

Is TIP eligibility based on 24 months in a 36 month period applicable to any point in the child's life? What is the reference identified by 6th grade/12 years of age?

Eligibility begins at age 12 or the 6th grade. If at age 12 a child has been on Medicaid for 24/36 consecutive month period the child will be included in the file sent from the Michigan Department of Human Services (DHS) and will receive a letter of eligibility from the Michigan Department of Treasury.

How does someone register for high school test for Spring '06 window?

Contact the high school guidance office or if the student attends a non-public high school visit the Michigan Department of Education's Web site at www.michigan.gov/meap for information on how to sign up.

How will the Michigan Merit Award and the Michigan Competitive Scholarship change with the "new" Michigan Merit Exam starting in the spring of 2007?

For the Merit Award Program that has not yet been determined. Eligibility requirements for the Michigan Competitive Scholarship are not based on MEAP testing. These two programs have entirely different eligibility requirements. Students can visit our Web site at www.michigan.gov/studentaid for more information regarding all programs administered by the Office of Scholarships and Grants.

What has been net result of the Tuition Incentive Program (TIP) (on poor student enrollment) changing from tuition and fees to 24 hours per year and \$500?

Limiting the available credits per academic year to 24 still enables students to attend full-time. The maximum credits available per student (80) has not changed. During the first quarter of 2006 we have seen a 35% increase from last years first quarter payments. Policy changes were necessary in order to keep spending in line with funds appropriated. Phase II benefits have always been paid at \$500 per semester or \$400 per term for a maximum of \$2,000.

What is the new criterion for 2006-2007?

At this time there are no changes to the eligibility requirements or internal policies for TIP.

Please explain in detail the certification process. Include actual information regarding students who have not received notification – yet they have to certify by November 15.

All known eligible students from the class of 2005 have been notified. The certification deadline will be extended if a student has multiple records in the database and those records are merged making the student eligible.

Please address the student who attends college out of state – How do I get to use all of my money? Does this change from 2004/2005/2006?

For the 2005-06 academic year students can attend an out-of-state institution and receive \$1,000. In order for a student to receive any remaining funds the student must come back either during the summer or throughout the normal course of the academic year and attend an in-state institution. Once a student has initiated fund use, the funds must be used over two consecutive academic years.

Will there be a community service requirement for any grade levels for MEAP?

At this time community service is not a requirement.

Are "Work Keys" scores automatically sent to the state offices?

Students should let staff administering the test know that they are taking the test for Merit Award purposes and that they would like to have their test results sent to the Office of Scholarships and Grants.

Since there are Phase 1 and Phase 2 schools, how would you advise a student with TIP who wants to start college at a Phase 2 school?

In order to receive Phase I benefits at a 4-year school, students must be enrolled in an associate degree program. If the Phase II school doesn't offer associate degree programs students would not be eligible for Phase I benefits but would be eligible for Phase II benefits upon reaching junior status. It is recommended that the student fill out the Free Application for Federal Student Aid (FAFSA) in order to see what other types of financial aid might be available.

STATE OF MICHIGAN UPDATE

Presenter: Robin McMillan, Michigan Department of Treasury, Michigan Education Trust/Michigan Education Savings Program

- MET
- MESP

From a FAFSA perspective – Which is better – MET or MESP?

MESP is treated more favorably in the Financial Aid Needs Analysis because it is recognized as a parental asset and only 6% of the savings is considered. MET is recognized as a student resource and causes a dollar for dollar reduction in the needs analysis. However, Congress is considering legislation that would recognize MET the same as MESP.

What happens to “unspent” MESP money?

MESP money not used for qualified higher education expenses for the beneficiary can be rolled over to another beneficiary who is an immediately family member of the original beneficiary. Alternatively, it can be withdrawn and used for anything (unqualified withdrawal) but the earnings will be taxed and 10% of the earnings will be subject to a 10% federal excise tax.

What happens if MET or MESP is purchased and a student does not go to college? How does the purchaser get the money back?

Under MET the MET contract is considered to be a completed gift to the Beneficiary. However, the Purchaser can designate himself/herself as the “Refund Designee”. The Beneficiary would be required to complete and sign a Notice to Terminate form and the refund will go to the Refund Designee.

Under MESP the Account Owner maintains control over the account. The Account Owner would be required to complete and sign a Withdrawal form and the refund will go to the Account Owner.

Does the MESP (529 plan) tie into the UPromise College Fund 529 Plan? I can sign up for a 529 with USAA Insurance and it will tie into UPromise.

No, there is no agreement between MESP and UPromise. However, you may request a refund from UPromise and deposit the refund in MESP at any time. The refund must be deposited within 60 days in order for it to be a valid “rollover” and not subject to any penalties.

Could you explain the recapture provision?

The state income tax law requires that if the funds in MET and MESP are refunded to you and not used for qualified higher education expenses, you must add back into income any income tax deduction previously taken.

Is the total value of MESP reported on the FAFSA as asset or just the portion the family will withdraw for the upcoming award year?

Parents with MESP accounts must report the total value of the MESP account on the FAFSA as a parental asset.

STATE OF MICHIGAN UPDATE

Presenter: Stephanie Bogard, Michigan Department of Treasury, Michigan Guaranty Agency

- Michigan Postsecondary Handbook
- Outreach

Can you include information about future job outlooks in the Michigan Postsecondary Handbook?

We are encouraging all high school counselors to provide feedback on the current content of the handbook, along with providing suggestions on future content. We will do our very best to accommodate all requests.

Can high schools order a quantity of Edu Guide at any time? How? Is there a charge?

High schools may order the Edu Guide directly from the federal government. There is no charge. For assistance or to request an ML Number, do not hesitate to contact a customer service representative at 1-800-394-7084 or via email at orders@FSAPubs.org.

STATE OF MICHIGAN UPDATE

Presenter: **Sheree Price, MI Dept. of Labor and Economic Growth, King-Chavez-Parks Initiative/GEAR UP**
 ▪ **Grab College Prep**

Is there a copyright problem if a counselor takes “Grab College Prep” to a local print shop to make copies for their student?

There are no copyright issues. If the counselor wants to have them printed, they can do that. A copy can be found on the GEAR UP Web site at http://michigan.gov/mdcd/0,1607,7-122-1680_2735_31474---,00.html.

The 4-year academic plans are done with students in February and March. Can the “Grab College Prep” booklet be mailed to 8th graders earlier to support these planning sessions?

I can't give you a definite date, but the booklets are scheduled to be mailed out sometime in March or early April. They cannot be mailed earlier. Please feel free to make copies of the booklet so that they can be used prior to the mailing date.